

## **Background paper for the Enterprise and Business Committee on the potential of the Maritime Economy for Wales in advance of the Minister's session on 15 October 2015**

### **International Context**

1. The maritime economy has a long history of being truly global. Although the economy is not restricted to shipping, this reflects that international shipping has been its driver and the nature of the industries that have, and continue to grow up to support that market.
2. Our importance to the global maritime economy is internationally recognised, however this position is changing and there are clear challenges that need to be addressed in the face of increasing competition from other fast-growing maritime centres.
3. It is vital that the wider sector work together to improve and adapt to successfully exploit all available opportunities and promote the strengths of the sector more effectively, tapping in to lucrative international markets and supporting domestic economic growth.
4. The Welsh Government continues to take the type of flexible approach that can take advantage of fast moving maritime opportunities as part of a strategic, sustainable framework for growing the maritime economy.

### **Ports**

5. As outlined in my plenary statement of 7 July, Welsh ports have an integral role in supporting economic growth and jobs.
6. They are uniquely placed to act as hubs for a diverse maritime economy because of their ready made capacity to accommodate the co-location of commercial, industrial – including offshore and marine energy - logistic, leisure and fishing activities.
7. The Further devolution of powers in relation to Ports will allow Wales to maximise and streamline maritime economic opportunities by connecting policy and support for Welsh ports with existing, and future, devolved responsibilities and plans, for example on energy. We also expect to have responsibility for Harbour Orders devolved under the Wales Bill, enabling us to consider how we can improve the order process for ports to help them secure opportunities.
8. Work on the detail of devolution is ongoing. As outlined in the National Transport Finance Plan, I am committed to developing a ports strategy for Wales with the sector, other partners and stakeholders, including Enterprise Zones and related businesses, such as ferry operators, energy developers and the tourist industry. The role of Welsh ports in supporting the wider maritime economy in order to maximise economic growth and jobs in Wales will be an integral part of a ports strategy for Wales.

## **Working with the UK Government to exploit Maritime Growth**

9. The report by the Department for Transport, *Maritime Growth Study: keeping the UK competitive in a global market*<sup>1</sup> published on 7 September, sets out the challenges in the face of increasing competition from other fast-growing maritime centres.
10. The study makes a number of recommendations, for both industry and Government. They include the establishment of a Ministerial Working Group and I have written to Robert Goodwill MP at the Department for Transport to agree on how Wales will be involved in taking them forward, in particular recognising that ports, which are pivotal to a successful maritime economy, will be devolved to Wales.

## **Enterprise Zones**

11. We are clear on our intentions to use Enterprise Zones as a means of supporting and stimulating commercial activity and investment in and around ports which will, in turn, help promote the wider maritime economy.
12. For example, the deep sea port of Milford Haven is a key selling point to potential investors in the Haven Waterway Enterprise Zone. The Port of Holyhead is an essential component of the North Wales Enterprise Zones and will likely play a key role within both the Wylfa Newydd project and marine energy sector by providing space for dockside facilities.

## **Hinterland Connections**

13. The availability of effective and sustainable hinterland connections to and from our ports is crucial to supporting and growing a diverse and successful maritime economy. This was underlined in the report from my Freight Task and Finish Group and is reflected in the National Transport Finance Plan.
14. We are continuing to explore opportunities to bid for EU funding for Trans-European Transport Network (TEN-T) projects for ports related developments, including under the 'Motorways of the Sea' funding stream which can encompass hinterland connections.
15. I hosted a visit to Wales in July by Péter Balázs the European Co-ordinator for the North Sea–Mediterranean TEN-T Corridor from the Directorate General for Mobility and Transport (DG MOVE). Key advice was for Wales to work in partnership with Ireland and other parts of the UK.
16. We are exploring the scope for potential joint projects with Ireland and are directly engaged with Transport for the North's freight and logistics study which will support the development of the Northern Powerhouse concept and help shape business cases for future government investment and bids for TEN-T related projects. North Wales – from Holyhead to the border – will be covered by the study.

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<sup>1</sup> <https://www.gov.uk/government/publications/maritime-growth-study-report>

## Energy

17. We continue to encourage and support the development of the wave and tidal sector in Wales and are engaging with a number of developers who want to harness marine energy around the coast of Pembrokeshire and Anglesey. The tidal stream sector in North Wales is being led by Menter Môn's Morlais Energy project, mainly centred around the development of the West Anglesey tidal demonstration zone. A number of device developers have expressed an interest in demonstrating their devices in the zone and this is expected to generate supply chain opportunities across Wales.
18. Minesto UK, a Swedish energy company, is setting up its UK headquarters in North Wales after securing £9.5 million of EU funds to develop a £25 million tidal energy initiative off the coast of Holyhead. Further similar projects are in the pipeline. Minesto will initially create around 30 direct jobs on Anglesey in areas like manufacturing, offshore operations and new project development as part of an innovative scheme called 'Deep Green' that will design, manufacture and test a low velocity device to produce electricity for thousands of homes from tidal and ocean currents.
19. We are supporting the industry in Pembrokeshire through Marine Energy Pembrokeshire.
20. The Offshore Renewable Energy Catapult (ORE) is one of a network of elite technology and innovation centres established by Innovate UK as a long-term investment in the UK's economic capability. Applying business-led research, Catapults help businesses transform ideas into valuable products and services to compete in the global markets of tomorrow.
21. We have worked with ORE to provide a regional co-ordinator to help support the industry needs in Wales through links with leading universities and marine experts.
22. We have already supported companies such as Ledwood Engineering and Mainstay, and device developers such as Tidal Energy Ltd, Marine Power Systems and Minesto with innovation funding and electrical infrastructure studies.
23. We understand that this sector in particular is in its formative stages, and much remains to be done by the industry to develop the technology and prove its potential to investors.
24. We need to develop further strategic thinking and forward planning in order to maximise delivery and outcomes in this sector, focused on its potential to bring economic growth and job opportunities to Wales and the people of Wales.
25. I have therefore established a Marine Energy Task and Finish Group to advise me on key measures required to support the development of the marine energy sector in Wales so that government and industry can better understand and realise the sector's full potential and align measures with EU funding opportunities for both infrastructure and research projects. I expect the Group

to make recommendations on how the Welsh Government can maximise long term economic benefit from the sector and available funding, including Horizon 2020. Its initial report is planned for February 2016

26. In considering its advice, the group will take into account the report from the EU Committee of the Regions *Developing the potential of Ocean Energy*, which refers to projects in Wales.
27. In terms of nuclear energy's potential contribution to the maritime economy, the £12 billion Wylfa Newydd new build project will be the single largest investment project in Wales over the next 10 years, and is of significant importance to the economy, particularly that of North West Wales. In late 2014, we established a Nuclear Programme Board to co-ordinate nuclear agenda related activity across sectors and departments within the Welsh Government to help maximise and integrate the wider benefits. The aim is to maximise social and economic opportunities, including maritime, for Wales and Welsh businesses.

## **Tourism**

28. Growing maritime tourism in its broadest sense – from cruise visits to specialist coastal adventure activities - is a key ingredient in helping increase economic growth and job opportunities in Wales.
29. We also specifically want to encourage ferry passengers travelling from Ireland to vacation in Wales. Visit Wales is working closely with both Irish Ferries and Stena Line to promote Wales. Each year, Visit Wales and the ferry companies agree a joint marketing campaign activity, co-operating in order to better promote Wales as a tourism destination to prospective visitors from the Republic of Ireland. We will look for opportunities to learn from the Irish approach via the Ireland Wales cross border 2014 -2020 INTERREG programme.

## **Science for Wales Strategy**

30. Science is an important and growing economic contributor to Wales. It underpins all technology and much of innovation and the EU's Smart Specialisation agenda for European regions. The second phase of Sêr Cymru ('Stars Wales') scheme will build on the four prestigious Research Chairs and three National Research Networks which made up the first phase and which were not undertaken using EU funding. The second phase will continue our overall strategy to increase science capacity in Wales, addressing the estimated shortfall of research in Wales in areas crucial to the development of our economy.
31. The Sêr Cymru National Research Network for Low Carbon, Energy and the Environment (NRN-LCEE) is funded by the Welsh Government and the Higher Education Funding Council for Wales. The Network supports collaborative and interdisciplinary research in Wales into the interactions between land, water, the provision of food and energy production, at different spatial scales across air-

land-water systems. It is a pan-Wales initiative comprised of partners from Bangor, Aberystwyth, Swansea, Cardiff and South Wales Universities, the Centre for Ecology and Hydrology, the British Geological Survey Wales, and the UK Met Office. Of the 8 research clusters within the network, 3 have a marine context:

- AQUAWALES – Addressing the three main challenges for sustainable aquaculture (reducing its ecological footprint, reducing the risk of disease transmission, and controlling the inadvertent introduction of invasive species) and combining new molecular techniques with the power of citizen science to develop innovative methods of early detection and management of invasive species in relation to Aquaculture and Fisheries.
- QUOTIENT - Addressing the nature of marine renewable energy resources in the context of sea-level rise and changing weather patterns, with the aim of improving the optimisation of marine energy as a reliable source of power to the grid.
- RESILCOAST - Integrating ecosystem resilience into coastal planning including natural flood protection and wetland ecosystem services.